

IRS TAX TIP 2001-46
TAX CHANGES FOR BUSINESS OWNERS

WASHINGTON -- At tax time, many business owners want to make sure they are aware of the latest changes that could affect their taxes. If you are one of these owners, a good source of information is IRS Publication 334, "Tax Guide for Small Business." It includes a listing of tax changes for 2000 returns, plus explanations of the changes. It also includes some of the changes for 2001. You can find this publication on the IRS Web site at www.irs.gov.

Here are some of the tax changes for business owners that may affect you:

- You can claim 32.5 cents a mile as the standard mileage rate for 2000 for the cost of operating your car, van, pickup, or panel truck in your business. This rate increases to 34.5 cents a mile for business miles you drive in 2001.
- You can check a box on your 2000 return and authorize the IRS to discuss any processing problems related to your tax return with the paid preparer who signed it. This authorization does not extend to post-processing matters, such as examination or collection issues.
- For 2000, you can deduct as an expense up to \$20,000 for certain depreciable business assets you began using during the year. The amount will increase to \$24,000 for 2001.
- If you are self-employed, you can deduct 60% of the amount you paid for health insurance for yourself and your family in 2000, unless you were eligible to participate in a subsidized health plan maintained by your employer or your spouse's employer.
- If you are self-employed, you must pay the Social Security part of self-employment taxes for your maximum net self-employment earnings up to \$76,200 for 2000. The ceiling will increase to \$80,400 for 2001.
- Certain business taxpayers may be able to adopt or change to the cash method of accounting and may not be required to account for inventories. You will find more information in Publication 553, "Highlights of 2000 Tax Changes."
- If you have employment taxes of between \$1,000 and \$2,500 in a quarter, you now can make your employment tax deposits quarterly, instead of monthly. This new rule went into effect January 1, 2001.

For more information or to get a copy of an IRS form or publication, visit

the IRS Web site at www.irs.gov. Forms and publications also are available at local IRS offices or by mail by calling 1-800-829-3676.